

School Finance

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PAYMENT CALCULATIONS

November Foundation Payment Calculation

The November Basic Formula payment, including Classroom Trust Fund, was calculated using the most current data available for each district. It is important that the district compare DESE's calculations with those generated by the district. Please call or email School Finance (573) 751-0357, finadmgo@de.se.mo.gov, with questions or concerns about the district's calculations.

AUDIT REPORTS

Fiscal Year 2015 Audit Submissions via Tiered Monitoring System

The following guidelines are provided for the Fiscal Year 2015 Audit Submissions:

- Audits, copies of signed board minutes approving the audit, and management letters should be submitted to DESE via the Tiered Monitoring System. The documents should be in Adobe searchable pdf format, version 11.0 or lower. The file description should be structured in the format "County District Code Document FY15" (i.e. 001090AuditFY15 or 001090BoardMinutesFY15).
- The audit report should be uploaded as "Audit Documents (required fiscal audit)" and the board minutes, management letter and any corrective action plans would be "Audit Documents (supporting docs)" in the file upload dialog box for the 2015-2016 fiscal year. The file upload box will also require adding the contact information for the auditor before the audit report can be uploaded. (Use the [global document repository \(uploads\)](#) link under "Utilities" on the right side of the screen to upload the documents.)
- The deadline for submitting audits is **December 31, 2015**.
- Copies of signed board minutes and management letters may be submitted after the December 31 deadline. These documents should include all required signatures, which is a change from current practice.
- The school, not the auditor, is responsible for ensuring that the audit, board minutes, and management letter are submitted to DESE in compliance with the provisions of the audit rule. With the change of audit submission via the Tiered Monitoring System, the auditor should not have access to this system and therefore not be able to upload the audit documents.

- To minimize the need for subsequent audit corrections, schools are strongly encouraged to complete the following checklist prior to submitting the audit:
 - The pages of the audit have been compared to the Table of Contents, and no pages are missing or out of order. Audits with missing pages may be rejected as incomplete.
 - The audit includes the auditor's signature and the date of the audit report. Audit reports that are not signed and dated may be considered a draft, not a final report. Draft reports cannot be accepted in satisfaction of the audit requirement.
 - The ending debt balances in the audit report (reported in the financial statements and/or Notes to the Financial Statements) agree to the balances reported in Part IV, Long and Short Term Debt, of the Annual Secretary of the Board Report (ASBR). Any differences should be reconciled.
 - The audit includes the updated version of the Schedule of Selected Statistics, which can be found at <http://dese.mo.gov/financial-admin-services/school-audits>.
 - The data reported on the Schedule of Selected Statistics agrees to the corresponding data on the ASBR and MOSIS/Core Data. If changes to the ASBR and/or MOSIS/Core Data are needed as a result of the review, please revise and resubmit corrections as soon as possible and notify your auditor of any changes.
 - Submit/upload corrective action plans for federal and state findings in a separate document from the audit report.
 - The audit submission includes the district's Single Audit, if applicable. There is no provision in the rule allowing the Single Audit portion of the audit to be submitted at a later date.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

Professional Development (1%) Money

Section 160.530.1, RSMo, requires districts to spend one percent (1%) of the Basic Formula monies (based on Line 17B of the district's June basic formula calculation) for professional development committee expenditures. A minimum of seventy-five percent (75%) of one percent (1%) of the current year's Basic Formula current apportionment must be spent in the year received for purposes determined by the Professional Development Committee and identified in the professional development plan in relation to a school improvement plan. This is completely separate from professional development that may be required by other programs such as title or special education programs. Expenditures should be recorded to Function Code 2214. Any portion of the other twenty-five percent (25%) of the one percent (1%) not expended during the year must be shown as a part of the restricted fund balance on June 30.

Function Code 2214 may **only** be used to code those expenditures made to meet the requirement of Section 160.530, RSMo, described above. Any instructional staff professional development required by other programs or expenditures made that do not meet the requirement of Section 160.530, RSMo, should be coded to Function Code 2213. If improper coding has occurred the district should make adjusting entries and amend the Annual Secretary of the Board Report (ASBR) as necessary.

September 2016 Membership

September Membership reports are available on the web. Log on to the DESE Web Applications Page located at <https://apps.dese.mo.gov/weblogin/login.aspx> and then select Data Collection. Once in the Data Collection system, select the 2015-2016 year and select the Report Menu option from the upper-right dropdown box. Select Summary reports. Two September Membership reports are listed for review. One report, the September Membership Comparison Report (SAR070R), compares September membership as reported by the district for the year selected and the prior year. The other report, September Membership Report (SAR080R), displays only the data for the year selected.

The September 2016 membership data by county will be made available to each county to be used in various county payments to school districts during the 2016-17 year. The accuracy of the payments is dependent on the accuracy of the membership data.

Please review the membership data. If reporting errors are found, update the MOSIS October Student Core file and recertify the file. The corrected data will then flow to the Core Data Screen 16. Remember, if a change is made to September membership, a corresponding change to enrollment may be necessary.

Transfer Projections – 7%, 5% and Transportation

Projections for the \$162,326 or 7% x SAT x WADA transfer, the FY06 Designated Levy or 5% x SAT x WADA transfer, and the transportation transfer are available on the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/data-reports>. These are preliminary calculations for the 2015-16 year. Final calculations will be available June 2016.

Mid-Year Fund Balance Reporting

The mid-year fund balance reporting will occur as a part of the February Core Data cycle as a manual entry on Core Data Screen 35. Each district will be required to report the following information as of December 31, 2015:

- Incidental and Teachers Funds Unrestricted Ending Fund Balance as of December 31.
- Tax Anticipation borrowing in the Incidental or Teachers Funds between July 1 and December 31.
- Transfers from the General Fund to the Capital Projects or Debt Service Funds between July 1 and December 31.

Questions regarding this reporting should be directed to School Finance at (573) 751-0357.

Missouri Accountability Portal (MAP) – Debt Reporting

Section 37.850, RSMo, requires school districts to report all bonded indebtedness and requires charter schools to report all debt. This information shall be supplied to Office of Administration (OA) for display on the State's Accountability Portal.

If a school district issues new bonds or a charter school enters into debt obligations the new debts are required to be entered onto the portal within seven days of issuing a bond or incurring an obligation or debt per section 37.850, RSMo.

A user link for the portal is available on the main page <http://mapyourtaxes.mo.gov/MAP/Bonds/HomePage.aspx>. In order to submit information, an entity will need to visit the portal website and obtain a secure user name and password. The user name and password can be created by selecting "create account" on the right hand side of the screen. Once credentials are granted, a user may enter the site to enter or update bond or debt information.

Most of the required fields on the reporting tool are self explanatory; however, there have been questions regarding a couple of the fields. The description of the revenue stream is generally something such as revenue generated from a levy that was established, Classroom Trust Fund revenue, or local revenue. This list is not an all inclusive list but provides a general idea as to what would seem to be an appropriate response. The description of the project would be a description as to what the project was, for example, a building project.

If you have questions regarding accessing the portal website, please contact OA at (573) 751-2971 or MAPBonds@oa.mo.gov. For questions regarding what debt should be entered on the portal please do not hesitate to contact School Finance at 573-751-0357.

SCHOOL GOVERNANCE

Election Dates and Filings Information Update

The **2016 Missouri Election Calendar** provided by the Missouri Secretary of State's Office is available at the following web address: <http://www.sos.mo.gov/elections/calendar/2016cal>. Notice that the first day for candidate filing for school board member is December 15, 2015. **The district must provide an opportunity for candidates to file at 8:00 A.M. on December 15, 2015, and until 5:00 P.M. on January 19, 2016.** If the office will be closed certain days during the holiday season, it would be helpful to publish the dates the office will be closed. Please study the calendar carefully.

SCHOOL TRANSPORTATION

2015-16 State Transportation Aid Calculation

The fiscal year 2015-16 state transportation aid calculation is available on the School Finance website. From the following link click on Payment Transmittals. Input County-District number or select the school district's name. The Payment Transmittal is then displayed. Click on the revenue name "Transportation" on the Payment Transmittal to access the transportation aid calculation. The link to School Finance Monthly Financial Reports is <http://dese.mo.gov/financial-admin-services/school-finance/financial-reports>.

This is the second live state transportation calculation made for the current year. The calculation is based on 2014-15 school year data submitted by the district on the state transportation aid documents included in Part IV of the Annual Secretary of the Board Report (Application for State Transportation Aid, School Bus and Facility Depreciation Schedules).

The percent of reduction to the calculated entitlement computed for the November 2015 calculation is shown below. This reduction percentage represents the amount the entitlement exceeded the appropriation and will fluctuate from month to month as revisions are made to individual school district data. The percent of reduction and the A and B factors are also reflected on each district's Summary Transportation Report.

The percentage reduction and the A and B factors are as follows:

| | <u>Reduction Factor</u> | <u>A Factor</u> | <u>B Factor</u> |
|---------------|-------------------------|-----------------|-----------------|
| November 2015 | 64.770183 | 3.438183 | -1.402519 |

Deputy Commissioner's Comments

Revenue Trends YTD

| | YTD as of <u>October FY15</u> | YTD as of <u>October FY16</u> | Revenue <u>Change</u> | <u>% Change</u> |
|--|----------------------------------|----------------------------------|--------------------------|-----------------|
| Individual Income Taxes | \$1,840,000,000 | \$2,000,000,000 | \$160,000,000 | 8.70% |
| Sales & Use Taxes | \$666,000,000 | \$676,600,000 | \$10,600,000 | 1.59% |
| Corporate Inc. & Franchise | \$160,700,000 | \$145,700,000 | (\$15,000,000) | -9.33% |
| Other Collections | \$105,000,000 | \$108,000,000 | \$3,000,000 | 2.86% |
| Increase in Revenue YTD | | | \$158,600,000 | 5.72% |
| Refunds (YTD) | \$185,900,000 | \$219,700,000 | \$33,800,000 | 18.19% |
| (A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.) | | | | |
| Actual Net Revenue Status YTD | \$2,585,800,000 | \$2,710,600,000 | \$124,800,000 | 4.83% |

School District Trust Fund (Proposition C)

| Amount Paid to Districts for Month | <u>(Nov) Prior Year</u> | <u>(Nov) Current Year</u> | <u>% Change</u> |
|------------------------------------|-------------------------|---|-----------------|
| | \$69,883,860 | \$74,924,040 | 7.21% |
| Amount Paid to Districts YTD | <u>(Nov) Prior Year</u> | <u>(Nov) Current Year</u> | |
| | \$349,952,599 | \$369,569,625 | 5.61% |
| Appropriation | \$848,739,000 | (Percentage of Appropriation Paid YTD 43.54%) | |

Gaming Revenue Trend

| | <u>(Oct) Prior Year</u> | <u>(Oct) Current Year</u> | <u>% Change</u> |
|------------------------------------|-------------------------|---------------------------|-----------------|
| Total Gaming Proceeds to Education | \$106,635,302 | \$105,204,883 | -1.34% |
| Gaming Revenue Appropriated | \$343,456,910 | | |

FY16 Classroom Trust Fund Distribution Paid YTD Through Current Month's Payment: *\$139,583,333 (40.64% of Appropriation)

*(Includes \$14,204,297 unclaimed Lottery funds, \$13,466,456 carryover Gaming funds and current month's revenue available at time of distribution.)

- General Revenue:** The first quarter of this fiscal year is now passed. Though fluctuations are noted relative to sales tax revenues, corporate tax revenues and refunds, income tax revenues thus far are solid. Hopefully that trend will continue and we will see an uptick in revenue from the other areas and the refunds will stabilize. To this point actual revenue is sufficient to support the current year's appropriations.
- Proposition C:** The Prop C Revenue collections continue to be positive for the year as compared to FY15, which was very positive. As we move into the holiday season it will be interesting to see how the collections go.
- FY16 Foundation Formula Payments:** We continue to closely monitor the revenues that fund the foundation formula and were able to revise our estimates to enable the November payment to be based upon a SAT of \$6,110. We will continue to evaluate revenue projections in the months going forward and continue to adjust the payment SAT upward to the maximum extent possible. While we have a lot of the year yet to go, we remain confident that \$6,110 should be sustainable and we are hopeful that it could go even higher by year's end. Time will tell.

By the time this memo arrives, we will again be about to celebrate our traditional Thanksgiving holiday. Too often we get so busy with the things we do in our profession that we let some of the other things that are so important in our personal lives slip. Though it has been a while since I could claim the right to characterize myself as young, I still remember the days of my youth vividly and with great fondness. Most of those memories are filled with recollections of my parents, grandparents, aunts, uncles, cousins, and siblings as we gathered for special days such as Thanksgiving. It was at such gatherings that my value as a human being that was loved and cared for was affirmed in so many ways. These times were very meaningful in the formative years of my life and contributed toward strengthening the bonds of family and development of the life-long wonderful memories that I cherish. It is my hope that each of you has a wonderful time with family and friends during the next few days.

My Best Wishes,



Ronald Lankford

School Finance

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<http://dese.mo.gov/divadm/finance/>



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